

**East Herts Council
Anti-Fraud Plan 2017/2018**

in partnership with

Hertfordshire Shared Anti-Fraud Service



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Introduction

This plan supports the Councils Anti-Fraud and Corruption Strategy by ensuring that the Council, working in partnership with the Hertfordshire Shared Anti-Fraud Service, has in place effective resources and controls to prevent and deter fraud as well as investigate those matters that do arise.

The Councils states that the key elements for the Strategy are;

- Culture- the prevailing set of assumptions and values within the organisation- and the reporting of suspicions of fraud and corruption,**
- Actions to prevent and deter fraud and corruption,**
- Controls to detect and ensure investigation of fraud and corruption,**
- Alertness and vigilance reinforced by training.**

This plan includes objectives and key performance indicators to measure the Councils effectiveness against its Policy and meet the best practice guidance/directives from central government department such as Department for Communities and Local Government and other bodies such as National Audit Office and the Chartered Institute for Public Finance and Accountancy.

National Context.

The Chartered Institute for Public Finance and Accountancy (CIPFA) ***Local Government Counter Fraud and Corruption Strategy (2016-2019)*** included a summary of fraud losses across councils in England.

- Actual fraud losses reported by local government in 2013 totalled £207m (this excludes housing benefit)
- Hidden fraud loss for local government was estimated at £1.9bn.
- As admitted previously by the National Fraud Authority in 2013 the scale of fraud against local government is large, but difficult to quantify with precision.
- The strategic response to fraud threats contains three main principles 'Acknowledge/ Prevent/ Pursue'.

In its 2015 publication '***Code of practice on managing the risk of fraud and corruption***' CIPFA highlights five principles outlining public bodies responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management

The five key principles of the code are to:

- Acknowledge the responsibility of the governing body for countering fraud and corruption
- Identify the fraud and corruption risks
- Develop an appropriate counter fraud and corruption strategy
- Provide resources to implement the strategy
- Take action in response to fraud and corruption.

SAFS/EHC Team Business Plan 2017 2018

| Mission | Objectives | Goals | Strategies | Measures/Success Criteria | Responsibility |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|---------------------------|---------------------------------------------------------------------------------------------------------------------------|-----------------|
| ACKNOWLEDGE | ACKNOWLEDGEMENT The risk of fraud the the Councils responsibility to prevent and investigate fraud | Show the Councils Willingness to Combat Fraud | Anti- Fraud Strategy | Have in place an Anti-Fraud and Corruption Strategy | Head of Legal |
| | | | Membership of SAFS | Retaining Board Membership of SAFS | S.151 Officer |
| | | | Internal Audit | Have in place an effective IA Plan and Audit Committee | S.151 Officer |
| | FRAUD AWARENESS Promote an effective anti fraud culture w ithin the Council | Enhance the level of fraud aw areness internally and externally | Member Support | Policies to deal w ith Money Laundering/ Bribery/ Whistleblow ing/ Sanctions | Head of Legal |
| | | | Local New s Media | Issue a press release for every successful prosecution in 2017/2018 | SAFS/Comms |
| | | | Promote Fraud Team | Promotion of internet fraud pages (SAFS) and local media exposure | SAFS/Comms |
| PREVENT | CUSTOMER SERVICE Service performance is managed to the highest standards so that agreed levels of service are met | Ensure customers and staff are informed about counter fraud w ork | Fraud Aw areness Training | Deliver five fraud training aw areness trainging sessions to Council Staff, or tailored training as requested by services | SAFS |
| | | | Internal Aw areness | Conduct an E-Survey of fraud aw areness across officers | SAFS |
| | | | Customer Service | Issue customers w ith information leaflets w hen attending interview s | SAFS |
| | PERFORMANCE Maximize performance through robust risk assessment and quality investigation w ork. | Be recognized as a high performing and successful fraud team. | Shard Revs and Bens | Maintain good relationship w ith Revs and Bens Team | SAFS/R&B Mgt |
| | | | Meeting SAFS Champion | Quarterly meetings w ith EHC SAFS Board Rep | SAFS/S.151 |
| | | | Reports to Audit Comms | 2 Reports to Audit Committee | SAFS |
| PURSUE | QUALITY INVESTIGATIONS Undertake high quality investigations maximizing all investigative resources and achieving value for money | Ensure that investigations comply w ith the law and are beyond reproach | Quality Fraud Referrals | 100% risk assessment on all fraud referrals received | SAFS |
| | | | Individual Targets | SAFS CFO- Set PMDS Targets to match EHC KPIs | SAFS |
| | | | Data Matching | NFI Data Matches 2017 to be review ed in year | SAFS |
| | SANCTIONS/PROSECUTIONS Instigate legal sanctions to counter criminal behaviour | Ensure the prosecution of fraud and dishonesty in appropriate cases | Fraud Referrals | Monitor source of fraud referrals each quarter | SAFS |
| | | | Performance Report | Issue a performance report in Summer 2018 | SAFS |
| | | | Interview Under Caution | SAFS management checks on all sanctions issued | SAFS |
| PURSUE | QUALITY INVESTIGATIONS Undertake high quality investigations maximizing all investigative resources and achieving value for money | Ensure that investigations comply w ith the law and are beyond reproach | Sanction Files | File management checks on live caseload | SAFS |
| | | | Witness Statements | 100% check on witness statements used in prosecution cases | SAFS |
| | | | Legal Services | promote case conferences betw een Solicitors & Investigators @ HCC | SAFS/ HCC Legal |
| | SANCTIONS/PROSECUTIONS Instigate legal sanctions to counter criminal behaviour | Ensure the prosecution of fraud and dishonesty in appropriate cases | Prosecutions | Ensure all cases suitable for sanction are review ed in line w ith Policy | SAFS |
| | | | Formal Cautions | Ensure that the Councils makes use of civil penalties w here appropriate | SAFS/S.151 |
| | | | Admin Penalty | Ensure that the use of Administrative Penalties is maximised | SAFS/S.151 |
| PURSUE | SANCTIONS/PROSECUTIONS Instigate legal sanctions to counter criminal behaviour | Ensure the prosecution of fraud and dishonesty in appropriate cases | Legal Service Liaison | Continue to w ork w ith HCC Legal Service and maximise recovery of costs | SAFS/ HCC Legal |

SAFS Resources 2017/2018

Budget

In December 2016 the SAFS Board accepted a report from the SAFS Manager to restructure and reorganise the Service from April 2017/2018. This restructure would result in a small increase in fees for all Partners. The Board agreed that the annual fee for District Councils, who did not hold housing stock, would be fixed to £80,000 +VAT. The Board also received assurance from financial modelling that the service would be sustainable, in its current form for 5 years with an increase in fees each year at 1% from 2019 onwards.

It has been agreed that the service would be allowed to build up a small operating reserve but should this be exhausted all Partners agree to meet any shortfall in Budgets equally.

Staffing

The full complement of SAFS now stands at 14.5 FTE's; 1 Manager, 2 Assistant Managers, 8 Investigators and 2 Intelligence Officers. The Team is also supported by 1 FTE Data-Analyst and 0.5 FTE Business Support who are funded from SAFS Budgets.

For staffing – East Herts Council will have exclusive access to 1 FTE Investigator, access to intelligence functions of the service, all data-matching services being offered through the local data-warehouse and call on one of the Assistant Managers for quarterly liaison meetings, management meetings and two Audit Committees reports per annum. SAFS also have access to an Accredited Financial Investigator (AFI) and criminal litigation services.

SAFS

KPIs for EHC 2017/2018

| KPI | Measure | 2017/2018 Target | Quarterly Target | SAFS Project Aims |
|------------|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Provide an Investigation Service | 1 FTE on call at EHC (supported by SAFS Intelligence/ Management). Membership of NAFN Membership of CIPFA Counter Fraud Centre Access to Case Management System (CMS) Local Data Hub Fraud training events for staff* | 100% of all | Ensure ongoing effectiveness and resilience of anti-fraud. Deliver a return on investment for the Councils financial contribution to SAFS. |
| 2 | Identified Value of Fraud prevented/detected. Based on the Methodology agreed by SAFS Board | £100k From fraud identified and savings/prevention | £25k | Deliver financial benefits in terms of cost savings or increased revenue. |
| 3 | Allegations of fraud Received. From all sources. | 100 Fraud referrals from all sources to SAFS | 25 | Improve the reach into the areas of non-benefit and corporate fraud within the county. |
| 4 | Success rates for cases investigated. This will ensure that quality investigations are undertaken. | 50% | 50% | Create a recognised centre of excellence able to disseminate alerts and share best practice nationally. |
| 5 | Conduct Data-Matching using the local data-hub, NFI and other data-matching/mining. | Data-Hub for local data matching. Access to NFI output. County wide Council Tax Review Framework. | 100% | Create a data hub for Hertfordshire. |

**Costs will include salary and direct on-costs for CFO (1 FTE), ACFM (1/3 FTE), Intel Officer (1/3 FTE) = £62k. Costs for NAFN/CIPFA/CMS/ Data Hub = £10k. Costs for 5 training events = £2.5k.*

SAFS - Standards of Service.

SAFS will provide the Council with the following fraud prevention and investigation services as part of the contracted anti-fraud function.

1. Access to a managed fraud hotline and webpage for public reporting.
2. Process and document for SAFS Partner staff to report suspected fraud to SAFS.
3. Training in: Fraud Awareness (management/staff/members), Fraud Prevention, Identity Fraud Prevention.
4. Assistance in the design of Council policies processes and documents to deter/prevent fraud.
5. SAFS will design shared/common anti-fraud strategies and policies or templates to be adopted by the Council.
6. SAFS will provide a proactive data-matching solution (data-warehouse) to identify fraud and prevent fraud occurring.
 - The data-warehouse will be funded by SAFS and located in accordance with Data Protection Act requirements.
 - The data-warehouse will be secure and accessible only by named SAFS Staff. Data will be collected and loaded in a secure manner.
 - SAFS will design and maintain a data-sharing protocol for SAFS Partners to review and agree to as they choose. The protocol will clearly outline security provisions and include a Privacy Impact Assessment.
 - SAFS will work with nominated officers in the SAFS Partners to access data-sets to load to load into the data-warehouse and determine the frequency of these.
 - SAFS will work with Partners to determine the most appropriate data-matching for each of them and the frequency of such data-matching.
7. All SAFS Staff will be qualified, fully trained and/or accredited to undertake their duties lawfully, or be working towards such qualifications.
8. All SAFS investigations will comply with legislation including DPA, PACE, CPIA, HRA, RIPA* and all relevant policies of the Council.
9. Reactive fraud investigations.
 - All reported fraud will be actioned by SAFS within 10 days.
 - The Council will be informed of all reported fraud and how SAFS are going to deal with this.
 - SAFS will allocate an officer to each investigation.
 - SAFS officers will liaise with nominated officers at the Council to access data/systems/accommodation required to undertake their investigations.
 - SAFS Officers will provide updates on cases and a report with summary of facts and supporting evidence on conclusion of the investigation for the Council to review and make any decisions.

- Where a decision indicates an offence SAFS Officers will draft a report for the nominated officers of the Council to make a decision on any further sanctions/prosecutions.
10. Where sanctions, penalties or prosecutions are sought SAFS will work with the Council to determine the appropriate disposal based on the Code for Crown Prosecutors and the Council's published policies. Decisions on imposition of any sanction will lay with the Council but the issue of any penalty will be resolved locally on a case by case basis.
 11. SAFS will provide reports through the SAFS Board on progress and to the Council's Audit Committee.
 12. SAFS will provide Alerts to the Council, of suspected fraud trends or reports/guidance from government and public organisations that are relevant to fraud.

**Data Protection Act, Police and Criminal Evidence Act, Criminal Procedures and Investigations Act, Human Rights Act, Regulation of Investigatory Powers Act.*